



THIS REPORT HAS TWO NUMBERS,
IT SHOULD BE CROSS REFERENCED

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Intelligence Report

Directorate of Intelligence

3 May 1996

Intelligence Monitoring of North Korea's Implementation of the US-
DPRK Agreed Framework (21 March-21 April 1996)

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This memorandum was prepared by analysts throughout the Directorate of Intelligence and was coordinated within the Intelligence Community. This is a monthly report that updates policymakers on developments related to North Korea's implementation of the US-North Korean nuclear agreement. Information available as of 3 May 1996 was used in this report. Comments and queries are welcome and may be directed to

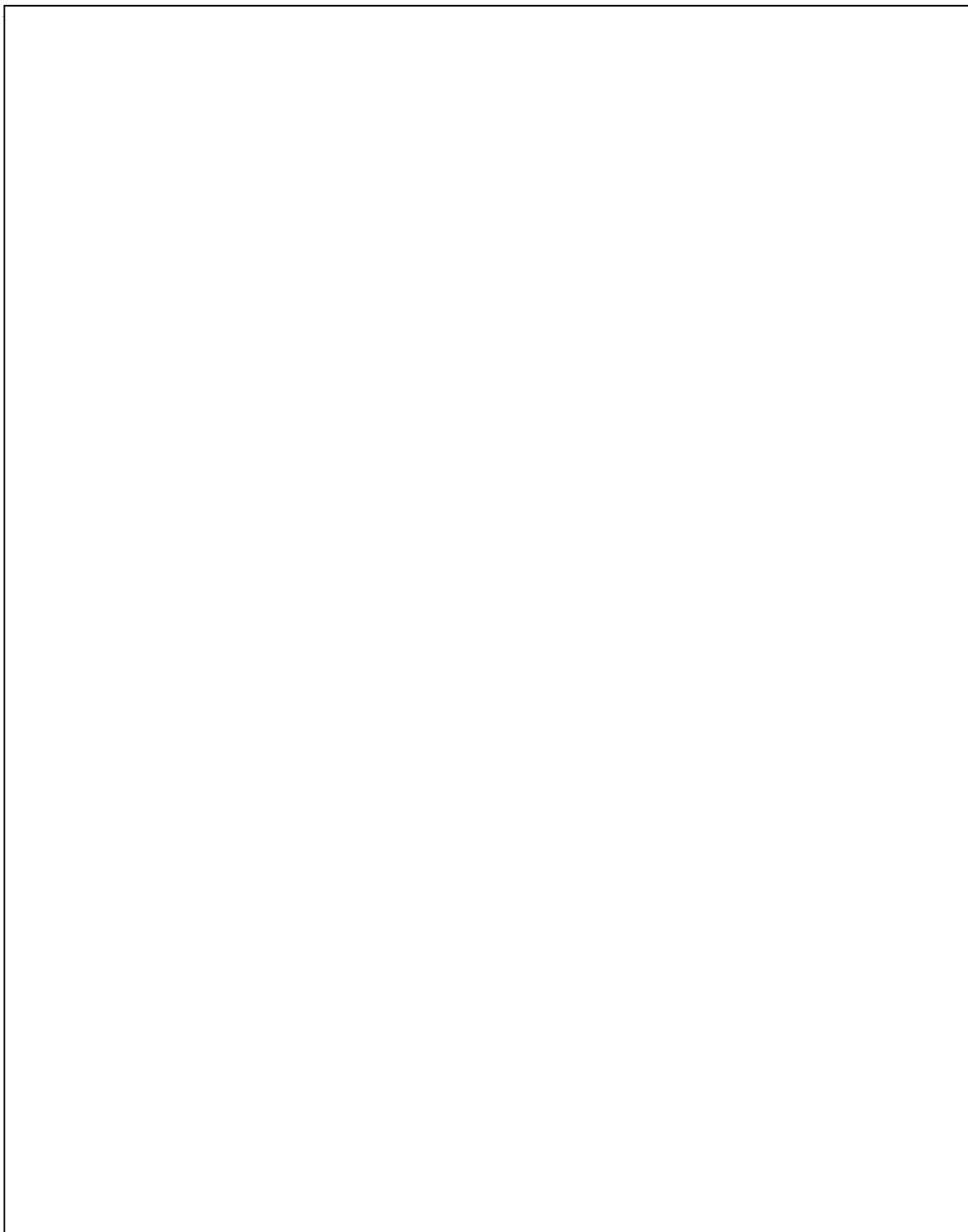
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Implementation of Light-Water Reactor (LWR) Agreement

US, South Korean, and Japanese executive officers of the Korean Peninsula Energy Development Organization (KEDO) visited P'yongyang and the LWR project site at Sinp'o during 26-30 March. Although North Korean officials voiced some complaints about the pace of progress, they also said they were increasingly convinced of KEDO's sincerity about implementing the LWR project. During the visit the North announced that its Nuclear Energy Department would act as KEDO's counterpart. North Korean officials also said they expected site preparation to begin later this spring and had moved hundreds of families from the site, extended a fiber optics cable from Hamhung to Sinp'o, and begun to upgrade the local harbor, airport, and roads serving the site. According to press, South Korean Deputy Executive Director Ch'oe Yong-chin said KEDO would provide up to \$100,000 as a goodwill contribution to help cover resettlement expenses.

- According to Ch'oe, North Korean officials privately conceded that the project could not be completed without cooperation between North and South Korea, but said "for now" they needed to maintain the principle of a lead role for the US in order to save face.

Both sides also agreed to begin talks in New York in April on several LWR side protocols and to alternate any subsequent protocol negotiations between the Myohyangsan guest facilities outside P'yongyang and New York.

Negotiations on Privileges and Immunities. The first round of protocol talks on juridical issues, privileges and immunities, and consular protection took place during 8-18 April. Although the talks reached no final agreement, the sides identified key differences.

- North Korea proposed granting privileges and immunities only to KEDO officials and for official acts only in the LWR project site and related areas. KEDO requested full diplomatic immunity for its officials anywhere in North Korea.
- The North's representatives initially offered consular protection—not general privileges and immunities—for contractors, subcontractors, and other persons under KEDO auspices while they are at the project site and in related areas. According to press, however, at the end of the session they indicated a willingness to grant privileges and immunities at the project site to technical personnel sent by the main contractor.

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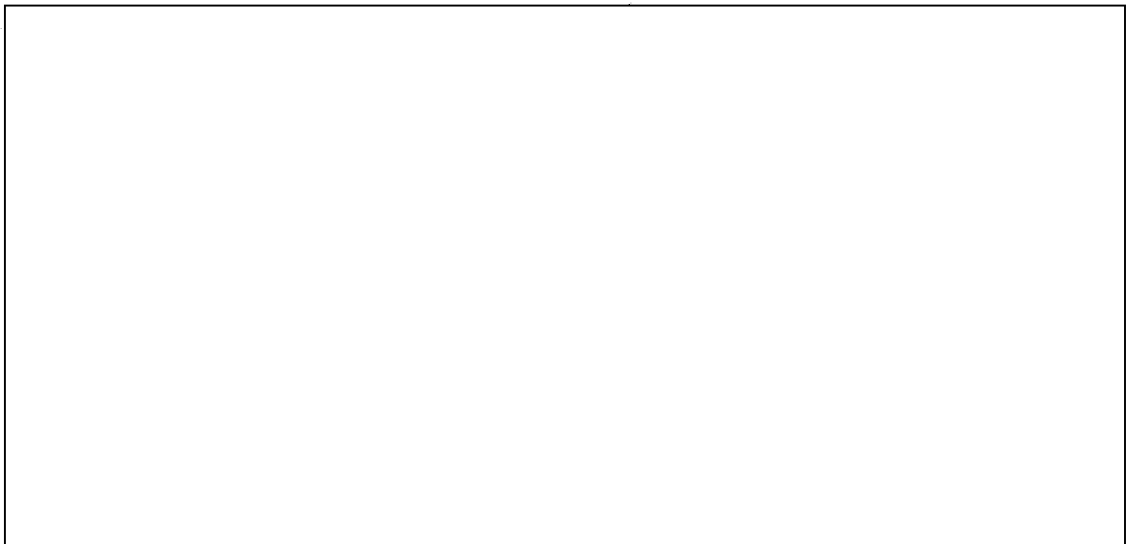
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- The North Koreans also characterized KEDO as a "business arrangement," and would not recognize its status as an international organization. The North demanded that the United States serve as principal point of contact for all consular activities.

The North Korean delegation indicated that if KEDO was unable to make progress in responding to P'yongyang's position, the North would seek to continue the discussions directly with the United States. [REDACTED]

Negotiations on communications and transportation protocols. The first round of talks began on 16 April and was continuing at the end of the reporting period. The North is refusing to allow KEDO independent means of communications or communications by satellite; it also is demanding that all communications be on a fee-for-service basis through an international communications station that the North will build at the project site. P'yongyang made no allowance for entertainment materials brought in by project workers, and all personal and work-related materials would be subject to inspection, confiscation, and judicial action. [REDACTED]

The North's initial proposal on transportation arrangements included provisions for notifications, approvals, and requirements for longer routes to the site, that would significantly delay the project. The North wants all surface shipping to stay within a designated corridor thirty-eight miles off the coast to a designated pilot point before proceeding to port. The North Koreans also insisted that air routes run only between Sandok airport near the site and one of three airports in Japan. The North continued to reject South Korean demands for direct truck or rail routes between South Korea and the site, [REDACTED]



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US-North Korean Liaison Offices

According to South Korean press, an unnamed US official on 19 April said the two sides were moving to resume negotiations in May on exchanging liaison offices, but no timetable had been set for more talks. []

North-South Dialogue: New Lyrics

Against a backdrop of continued belligerency both P'yongyang and Seoul sought to show a willingness to resume contacts.

- Chon Kum-ch'ol, advisor to the North's External Economic Cooperation Committee on 21 March proposed to Seoul through nonofficial channels that the sides resume rice aid talks in Beijing, [] Only a few senior South Korean officials involved in security affairs were involved in formulating Seoul's response, which reiterated demands that any further talks must be government-to-government and take place on the Peninsula, that the North suspend slander against Kim Yong-sam, and that communications be passed through established formal channels.
- Following this rebuff, P'yongyang publicized a second message from Chon on 5 April that took note of the earlier proposal and accused Seoul of unilaterally nullifying an agreement to continue the rice aid contacts despite differences []

P'yongyang also stepped up its long-standing campaign to keep Seoul on the sidelines while the North tried to engage Washington in direct negotiations on a new peace mechanism.

- On 4 April a spokesman announced that the Korean People's Army no longer recognized the procedures governing the management of the Demilitarized Zone and the Military Demarcation Line.

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- On 5-7 April approximately 200 heavily armed North Korean troops entered the Joint Security Area at P'anmunjom, set up firing positions, and conducted deployment drills before withdrawing several hours later.

[] the actions were part of a strategy []
[] to bring about bilateral talks with
the United States on a new peace mechanism. []

Verbal exchanges between North and South grew more belligerent following the incursions as P'yongyang continued to accuse Seoul of provocative military activities near the DMZ, and Seoul sought unsuccessfully to get the UN Security Council to issue a formal statement condemning the DMZ incident. Low-level military tensions continued through the end of the reporting period:

- On 19 April two North Korean patrol boats briefly maneuvered south of the Military Demarcation Line off the west coast until South Korean naval vessels chased them off.
- On 20 April the North, in turn, accused South Korean forces of provoking tensions by taking up firing positions near the Military Demarcation Line with machine guns and 90-mm recoilless guns.

[]

The joint proposal by the US and South Korean Presidents on 16 April for four-party peace talks—involving the two Koreas, the United States, and China—drew a cautious and noncommittal initial response from the North. P'yongyang said it needed time to review the proposal, but at the same time used the media and overseas diplomats to reiterate that Seoul might be permitted observer status at US-North Korean negotiations on a peace agreement. []

Official South Korean statements regarding the proposal underscored the primacy of the North-South component within the four party formula, and stopped short of signaling greater flexibility on conditions for resuming North-South dialogue on other issues.

- Kim Yong-sam characterized the proposal as "the last choice" the North would have on the Armistice issue, and his foreign minister said Seoul would propose a preliminary contact if the North showed a positive reaction.

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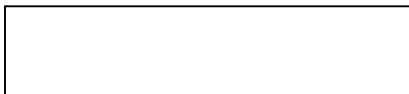
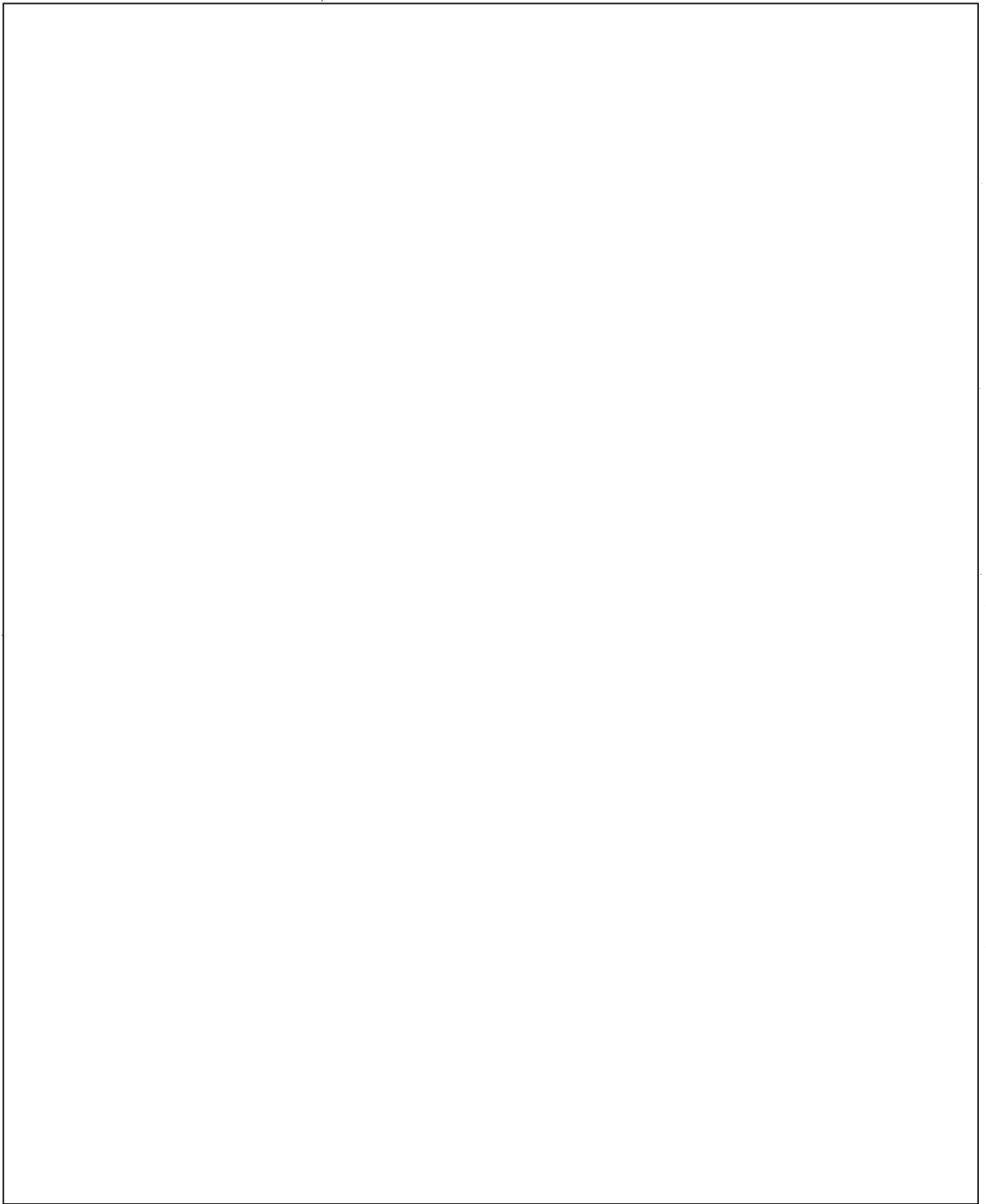
- According to press, other government officials stated that the four-party talks would be dealt with apart from Seoul's existing policy toward the North. They ruled out "taking appeasement steps"—such as unilaterally easing economic sanctions and increasing assistance—to draw the North into four-party talks.

Implementation of the North-South Denuclearization Declaration (NSDD)

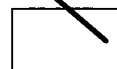
No new developments to report.

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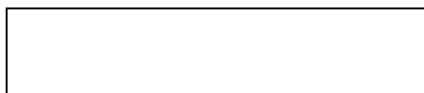
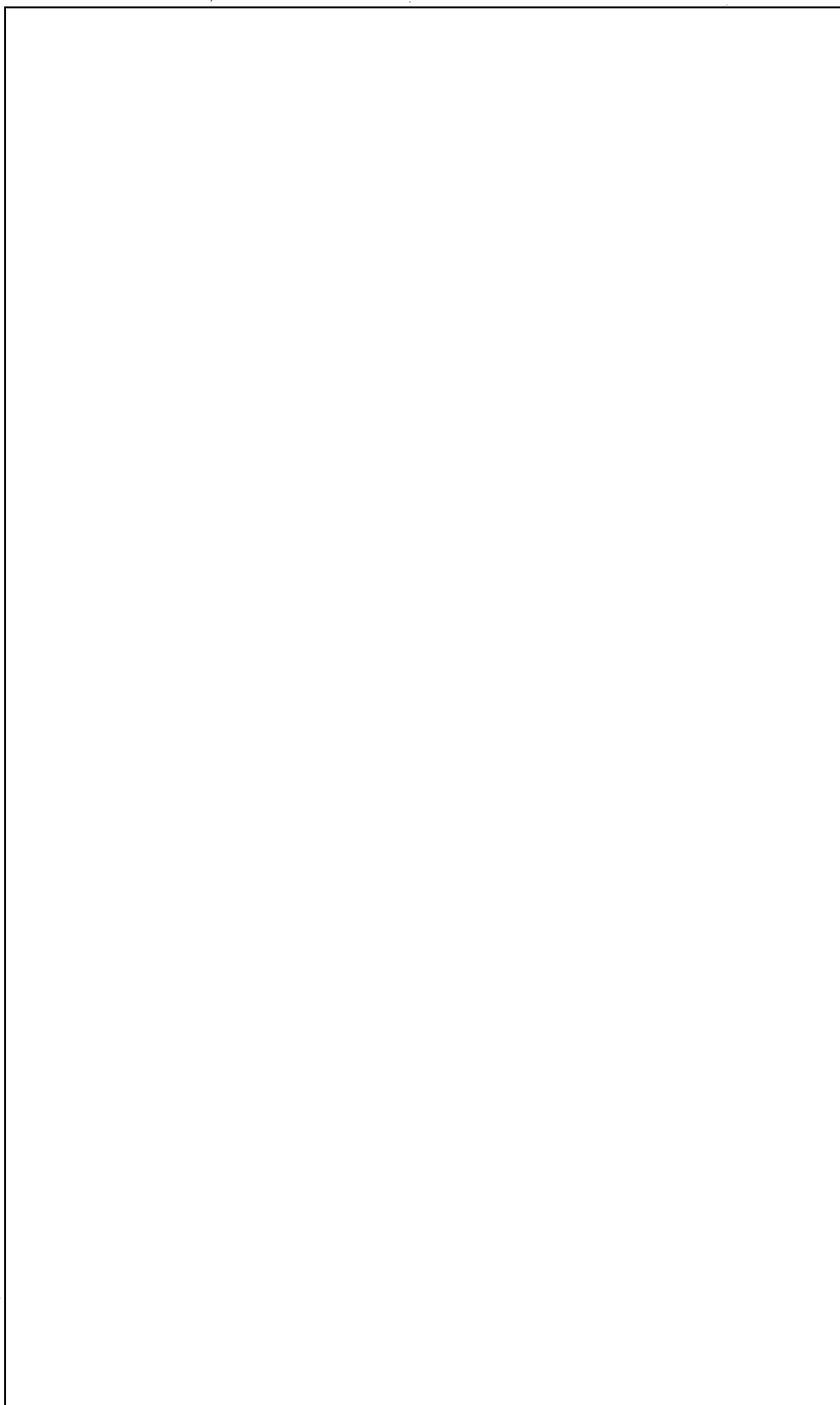
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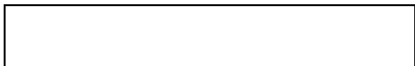
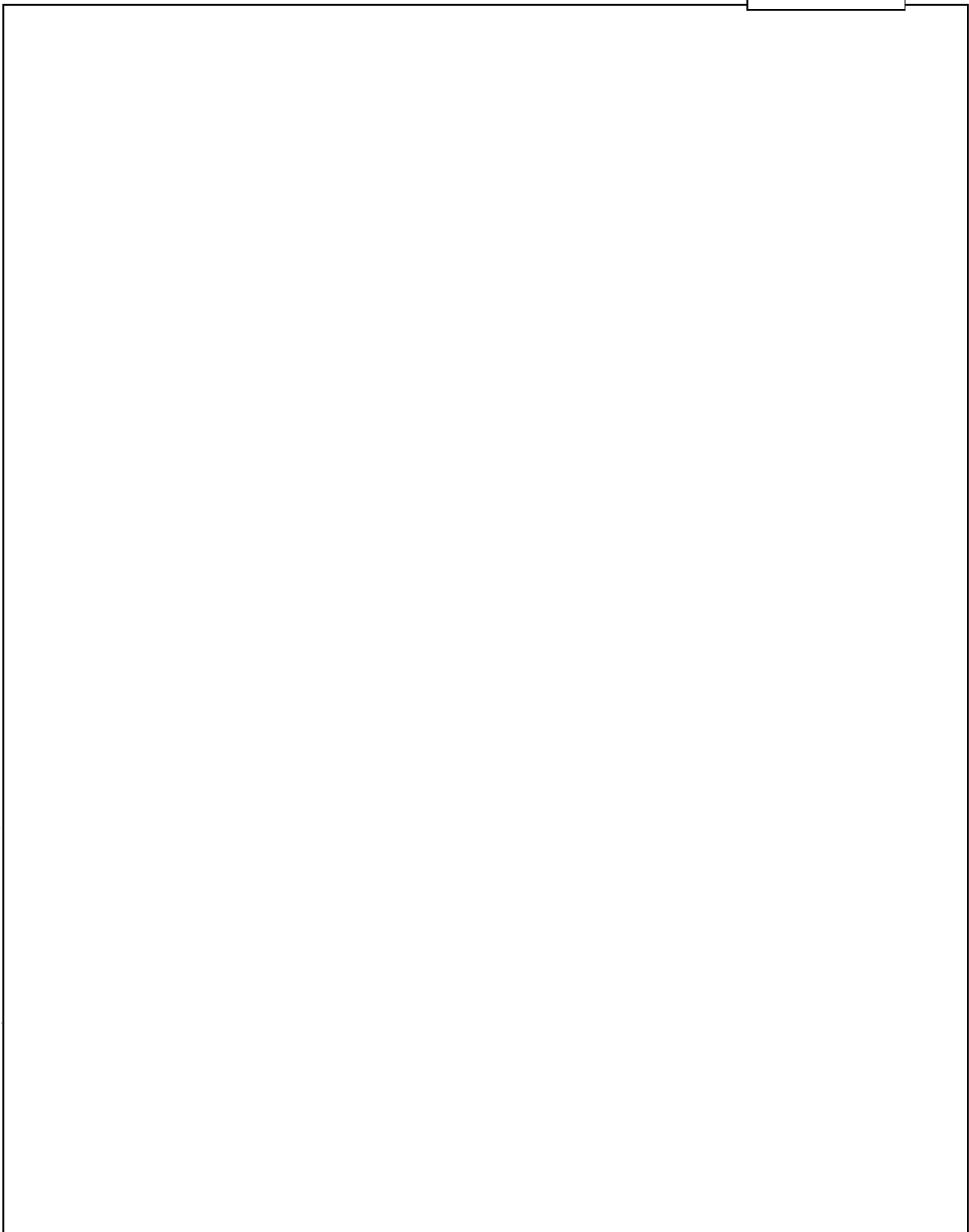
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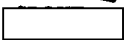
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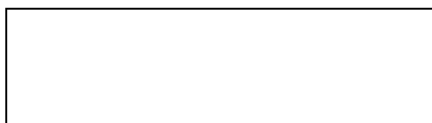
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